

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



**CORRECTED
FISCAL NOTE**

SB 826 - HB 857

March 20, 2013

CORRECTED SUMMARY OF BILL: Authorizes any municipality employing a full-time certified municipal financial officer (CMFO), or an employee meeting the requirements of Tenn. Code Ann. § 6-56-405, to permit investment of idle funds in certain investment instruments and in prime commercial paper under certain circumstances, if authorized by the municipal governing body.

ESTIMATED FISCAL IMPACT:

On March 13, 2013, a fiscal note was issued with an incorrect summary. The summary incorrectly stated that the bill removed the requirement that the municipal governing body approve the issuance of the municipality's own bonds or notes in accordance with Tenn. Code Ann. Title 9, Chapter 21. The erroneous statement has been removed from the summary to accurately reflect the summary of the bill. The fiscal impact is unchanged.

Other Fiscal Impact – Authorizing local governments to invest idle funds under the conditions specified by the bill could increase interest earnings for local governments depending on the specific investments made. Any other fiscal impact to local government is considered not significant. No impact to state government.

Assumptions:

- Pursuant to Tenn. Code Ann. § 6-56-106(a), only certain municipalities are currently authorized to make these types of investments and oversight of the municipal legislative body is not required.
- Any vote required of the municipal governing body could be accomplished at a regularly scheduled meeting.
- The fiscal impact to local governments is dependent upon multiple unknown factors such as the number of municipalities who will qualify to make these investments, the amount of idle funds available for investment, and the rate of return earned on any investment. Due to the extent of unknown factors, the fiscal impact to local government cannot be quantified.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "Lucian D. Geise". The signature is fluid and cursive, with the first name "Lucian" written in a larger, more prominent script than the last name "Geise".

Lucian D. Geise, Executive Director

/jrh